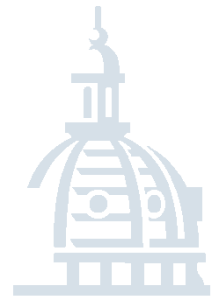


Fiscal Note

Fiscal Services Division



HF 547 – Human Services Department, Employee Background Checks (LSB2526HV)
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Fiscal Note Version – As Passed By The House

Description

House File 547 allows the Department of Human Services (DHS) to conduct background investigations on the following individuals accessing Federal Tax Information (FTI):

- An applicant for employment with the Department.
- A contractor, vendor, or employee performing work for the Department with access to FTI.

Background

The Internal Revenue Service (IRS) requires the DHS to complete background investigations on individuals accessing FTI through IRS Publication **1075**. In September 2016, the IRS released an updated Publication 1075, which includes an additional requirement for State agencies with access to FTI to review Federal Bureau of Investigation (FBI) fingerprint results. Failure to meet this requirement would cause the Department to permanently lose access to FTI. As the Department uses FTI to complete federal tax offsets for child support recovery, failure to comply with this requirement would result in the loss of roughly \$20.0 million in federal tax offsets. Six million dollars in federal tax offsets is used annually to reimburse the State for Family Investment Program benefits paid to parents who had petitioned for child support payments but did not receive them.

Assumptions

- The Department estimates 1,500 employees would need to receive background checks to comply with federal requirements, including newly classified employees, contractors, and new hires.
- 287 employees would require out-of-state background investigations.
- FBI checks including fingerprinting would be provided at a cost of \$31 for each investigation.
- In-state background checks would be provided at a cost of \$15 for each investigation.
- Out-of-state background checks would be provided at a cost of \$25 for each investigation.

Fiscal Impact

There is a cost to the General Fund of \$60,077 in FY 2018 and \$22,806 in FY 2019. These costs include FBI checks, in-state and out-of-state background checks, and fingerprinting for approximately 1,500 employees. Employees would undergo a background investigation at least once every 10 years thereafter. This Fiscal Note does not include any costs for staffing or staff time, as current staff would fulfill any administrative needs associated with background investigations.

Sources

Department of Human Services
LSA calculations

/s/ Holly M. Lyons

March 20, 2017

The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
